



TAREA 2 - 16 puntos: Read the text on pages 5 and 6. Choose the correct option (A, B, or C) to complete each sentence. The first one (0) is an example.

Achilles' Heel of Capitalism	ANSWER		
<p>0. According to the introduction, economists and environmentalists... A. ...are trying to empathise with each other's views. B. ...have reached an accommodation despite deep-rooted beliefs. C. ...stick to their guns and never give in.</p>	0	C	✓
<p>1. John Maynard Keynes' economic theory... A. ...caused businesses to lay off workers to compensate for low profits. B. ...holds that government spending boosts economic growth. C. ...was based on a visionary but purely monetary approach.</p>	1		
<p>2. Establishing a Nobel Prize in Economic Sciences seems... A. ...controversial. B. ...inconsequential. C. ...manipulative.</p>	2		
<p>3. Milton Friedman... A. ...believed taxation and fiscal policy are necessary to reduce inequality. B. ...favoured a free market system with minimal intervention. C. ...was recognised for his contribution to political life.</p>	3		
<p>4. Friedman's proposals... A. ...parodied the Darwinian theory of natural selection. B. ...were originally formulated to meet political interests. C. ...were subjectively perceived.</p>	4		
<p>5. Governments often see privatization as... A. ...a blanket solution for any sort of human activity. B. ...a fair way to balance the budget between profit and welfare. C. ...an outdated economic model of the eighties.</p>	5		
<p>6. According to the writer, through a privatisation policy... A. ...health, education and transport would become profit-based. B. ...public services would use the energy industry business model. C. ...staff shortages and insufficient funding would start hitting public hospitals.</p>	6		
<p>7. Privatising the arts would... A. ...enhance their prestige. B. ...lead to cultural elitism. C. ...prevent cultural populism.</p>	7		
<p>8. As for environmental issues, the author believes... A. ...a process of give-and-take must be implemented. B. ...higher pollution has been permitted without in-depth analysis. C. ...taking harsher measures would be devastating.</p>	8		

PUNTOS: / 16

Apellidos: Nombre:

Achilles' Heel of Capitalism*Source: www.livingnow.com.au*

Economists and environmentalists have been waging a not-so-secret war for decades, each arguing that the other's position is untenable. The environmentalist sees the economist as the evil hatchet-man of corporations and government. The economist does not appreciate the environment, far less understand it. It is there to be exploited, and nothing more. The economist sees the environmentalist as a Luddite extremist who regards the preservation of the lesser-spotted burrowing giraffe as more important than jobs, education, health and an efficient infrastructure.

Yet, not all economic gurus are incognisant or unappreciative of the environment, and the "save an unimportant rare species at any cost" is simply a catch-cry economists use to deride the conservation movement at convenient moments.

Economics is at best an imprecise science and a dodgy art form. It is replete with theories which often look excellent on paper, but which can cause enormous damage, social as well as environmental, if put into practice wholesale.

Perhaps the most famous economist of all – after Adam Smith, the father of capitalism – was the Englishman, John Maynard Keynes (1883-1946), whose advocacy of reducing mass unemployment by creating giant public infrastructure projects was a cornerstone of Franklin Roosevelt's 'New Deal'. However, Keynes was more than just an economist. He was, in a sense, an 'economic philosopher', a member of the Bloomsbury Group, and a visionary. He did not see economics as the all-powerful engine of political and corporate success that it has become today.

Keynes would have been horrified to learn that, in 1969, economics became the sixth beneficiary of a Nobel Prize. The other five are: physics, chemistry, literature, medicine and peace. It must surely be argued that these five disciplines are all recognised for injecting something new and beneficial into society. A new discovery about the universe; a revolutionary cancer cure; a book which galvanises the intellect; a political initiative which brings about an entente cordiale between warring nations. Economics does none of these. At best it re-interprets old news; at worst it manipulates the figures to make old news look like new news.

In 1976, Milton Friedman became the eighth recipient of the Nobel Prize for Economics, an award which rested principally on his championing of consumption and the role of the free market in producing equable and non-inflationary economic growth.

The theory is appealing as much for its elegance as for its dissemblance, for it frees governments from responsibility and throws everything onto pure market forces, which can fluctuate wildly. Where an economist such as J.K. Galbraith would argue that governments have to maintain a hands-on fiscal policy (including unpopular measures as income restraints and wealth taxes), Friedman would have none of that. It is little wonder that he became a darling of the political right, and a cause of concern to the left.

Please turn over

In effect, Friedman was the Pandora's Box economist, for he threw open a trousseau of such vagary that governments could – and did – interpret his theories willy-nilly, to suit their own political agendas. Responsibly handled, Friedman's proposals could have been economically, socially and environmentally friendly, but governments chose to adopt only the 'economically friendly' bits, and ignore the social and environmental consequences. Friedman's ideas were interpreted as a buck-passing exercise, and taken on a Darwinian stance, whereby the survival of the fittest meant the survival of the economically fittest.

Starting with Margaret Thatcher and Ronald Reagan, western governments increasingly courted the 'user pays' philosophy, and began privatising nationalised industries at will. The notion that everything had to be able to pay its own way became a catch-cry of the 1980s, and has continued until the present day.

I am not arguing that privatisation does not have its place in society. However, by throwing a huge blanket over all facets of human endeavour, and asking each to play by exactly the same set of rules, governments have failed to distinguish between those undertakings whose primary role is the generation of wealth, and those whose very reason for being is to provide essential services.

Therefore, we may happily turn over our coal, oil and electricity industries to private hands. So, too our government-owned telecommunications. But we should not be subsidising private schools at the expense of the public system, nor coercing people into taking out expensive private health insurance, because government hospitals are chronically understaffed and underfunded. Similarly, it is a duty of government to provide an efficient and affordable public transport system. If health, education and transport become any more 'private', they will become increasingly out of reach to the less well-off in society, who are precisely the people who need them most, and for whom these systems were designed in the first place.

The arts, also, must remain as beneficiaries from the public purse. To apply cold market forces to such areas as classical music, ballet, visual arts and drama, is to place them on an equal footing with their more populist rivals of television and pop music. The argument that "these things are what the people want" holds no water. If we reduce our artistic exposure only to that which appeals to the lowest common denominator of intelligence, we effectively implement a mono-culture, and anyone who wishes to access the 'higher arts' must therefore pay for the privilege.

Likewise, responsibility for the environment must remain in public hands, for at present, our approach to it is one of take, take, take... We shall, in time, and via a sea-change in our thought processes, begin to give back. Private enterprise will have, and already has, a major role to play in this. But for now the government must remain firmly in charge, and its watchdogs must stay in place, for any further watering-down of present controls could propel the biosphere toward nothing short of catastrophe. This is why I believe that the Bush administration's refusal to ratify the 1997 Kyoto Protocol was an act of criminal negligence, and our own government's lobbying to permit an increased level of atmospheric pollution was hypocrisy given a rubber stamp from on high.

soluciones

TAREA 1: Beliefs and Brilliance
(1 punto cada respuesta correcta)

- 1) B
 - 2) N
 - 3) A
 - 4) F
 - 5) L
 - 6) D
 - 7) M
 - 8) H
 - 9) P
 - 10) C
 - 11) K
 - 12) E
 - 13) O
 - 14) I
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TAREA 2: Achilles' Heel of Capitalism
(2 puntos cada respuesta correcta)

- 1) B
 - 2) A
 - 3) B
 - 4) C
 - 5) A
 - 6) A
 - 7) B
 - 8) B
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